(c) IDBI, IDFC, ICICI Bank, SBI, LIC, Bank of Baroda and Punjab National Bank have formed an Inter-Institutional Group (IIG). They will pool their resources on a callable basis, and a sum of Rs. 40,000 crore will be made available as and when necessary. The IIG will ensure speedy conclusion of loan agreements and implementation of infrastructure projects. SIDBI has been advised to structure Small and Medium Enterprises Fund with a corpus of Rs. 10,000 crore. Loans are beign extended to SMEs through SIDBI's own offices and by way of providing refinance to the primary lending institutions. Refinance to SFCs is available in the interest rate band of 7.5% to 8%. The SME Fund provides for routing of assistance, besides SFCs, through commercial banks as well. For the smooth operations of the Fund, the Government of India have approved the limit of investment in plant and machinery above Rs. 1 crore and upto Rs. 10 crore for a unit to qualify as the medium enterprise.

M/s. Home Trade scam

490. SHRI NILOTPAL BASU: Will the Miniter of FINANCE be pleased to state:

(a) whether it is a fact that Oriental Bank of Commerce has taken over the assets and liabilities of Global Trust Bank;

(b) if so, the financial details and reasons for the take over arising thereof;

(c) whether it is also a fact that a substantial amount of money of the Siemens Provident Fund had been eroded due to scam in malafide investment by M/s Home Trade; and

(d) if so, whether Government are reimbursing the financial loss to the SPF?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) Financial details of erstwhile Global Trust Bank as per their balance sheet are as under:

(Rs. in crores)

Particulars	31.3.2003
Paid up capital	121.35
Reserves	146.16

Total Assets	7665.99
Net Worth	2.42
Deposits	6920.91
Advances	3276.10
Investments	2645.28
Operating Profit (+)/Loss (-)	36.44
Net Profit/Loss	(-) 272.69

The reasons for amalgamation of GTB with Oriental Bank of Commerce were as under:—

(i) The financial health of Global Trust Bank (GTB) was causing concern to Reserve Bank of India (RBI) since March, 2001.

(ii) The RBI inspection revealed wide variance with the balance sheet figures published by the bank.

(iii) Erosion of capital of the bank, RBI directed the bank to infuse capital so as to achieve a CRAR OF 9%.

(iv) GTB failed to locate a domestic investor who could infuse the requisite capital.

(v) This was done to protect the interest of the depositors of GTB.

(vi) To safeguard public faith in banking industry.

(c) and (d) the information is being collected and will be laid on the Table of the House to the extent possible.

Financial deficit

†491. SHRI ABU ASIM AZMI: Will the Minister of FINANCE be pleased to state:

(a) whether financial deficit is likely to increase if the duty is reduced to check the inflation rate by Government;

(b) if so, the steps taken by Government to control this deficit; and

(c) whether International Monetary Fund has warned India regarding increase in financial deficit?

†Original notice of the question was received in Hindi.